St. Petersburg University
Graduate School of Management

Master in Corporate Finance

Influence of ownership structure on dividend policy: Evidence from Russian companies

Master's Thesis by the 2nd year student:
Concentration – Corporate Finance
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St. Petersburg
2018

ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ

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26 мая 2018

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May 26, 2018

АННОТАЦИЯ

Автор	Исмагилов Евгений Сергеевич
Название магистерской диссертации	Влияние структуры собственности на дивидендную политику: пример российских компаний
Факультет	Высшая Школа Менеджмента
Направление подготовки	Корпоративные финансы
Год	2018
Научный руководитель	Пустовалова Татьяна Александровна
Описание цели, задач и основных результатов	Цель исследования состоит в том, чтобы изучить взаимосвязь между структурой собственности (различными типами собственников и их долями, характеристиками структуры собственности) и дивидендной политикой публично торгуемых российских компаний (с акциями, торгующимися на РТС или ММВБ), или показать отсутствие этой связи. Анализ основных и современных исследований структуры собственности, дивидендной политики и влияния на нее структуры собственности среди иностранных и российских авторов; Изучение российских особенностей в области дивидендной политики, выявление основных практик; Формулирование гипотез; Выбор наиболее подходящей методологии для анализа дивидендной политики; Поиск и сбор; Проведение эмпирического исследования выявление влияния структуры собственности на дивидендную политику российских компаний. Этот шаг также предполагает предоставление инвестиционных рекомендаций, обсуждение ограничений этого исследования и предоставление дальнейших указаний; Обсуждение согласованности полученных результатов с результатами существующих исследований взаимосвязи структуры собственности и структуры капитала.

	Результаты: проверена причинно-следственная связь между политикой дивидендов и структурой собственности, получены результаты, которые были проанализированы, и предоставлены рекомендации.
Ключевые слова	Дивидендная политика, структура собственности

ABSTRACT

Master Student's Name	Evgeny Ismagilov
Master Thesis Title	Influence of ownership structure on dividend policy: Evidence from Russian companies
Faculty	Graduate School of Management
Main field of study	Corporate Finance
Year	2018
Academic Advisor's Name	Tatiana A. Pustovalova
Description of the goal, tasks and main results	**Research goal** of this paper is to examine the relation between the ownership structure (different types of ultimate shareholders and their stakes, ownership structure characteristics) and dividend policy of publicly traded Russian companies (with the shares listed on the RTS or MICEX) or to show the luck of this relation. The analysis of basic and modern studies of ownership structure, dividend policy and the impact on it of ownership structure among foreign and Russian authors; Examination of Russian features in the field of payment policy, highlighting main practices; Formulation of hypotheses; Selection of the most appropriate methodology for dividend policy analysis; Searching and collecting; Conduction of the empirical analysis for the influence examination of ownership structure on dividend policy of Russian companies. This step also implies providing of recommendations for managerial applications, discussing limitations of this research and providing directions for the further one; Discussion of the consistency of obtained results with the findings of existing studies on the relationship between ownership structure and capital structure. Results: causal relationship between dividend policy and ownership structure was tested, results received explanations and recommendations were formulated.
Keywords	Dividend policy, ownership structure

Content

Introduction

The main basement of financial industry are dividends. Investors put their money into the enterprises because they expect that into the future company will outpay through the dividends much more, than was previously invested. Almost all enterprise valuations are based on the expected cash flow from the company, in other words - dividends. So, value of companies depends on the future dividends.

Obviously, for the short and medium time investors it would be extremely important to find out future dividend policy because their income will significantly depend on this parameter.

This research will be useful primarily to investors because the investor, who first of all thinks about the benefits of his investments when buying certain shares, needs to know all the main factors affecting their value. Despite early research, in modern economic theory it is proven that the value of the company and the welfare of its owners are closely related to the current dividend policy. Moreover, some researchers note the importance of studying dividend policy for understanding trends in economic development and cyclical fluctuations.

A lot of modern researchers are trying to identify the determinants of dividend policy, to study the reaction of investors to its changes, to explain the reasons for the existence of dividend payments. However, there is no single answer to the question of what exactly influences the company's decision to pay dividends and its size.

One of the most popular topics in this segment in recent years has been the study of the influence of the composition of ownership structure on the nature of dividend policy and the quality of corporate governance. In emerging markets, the state has a particular impact on the economy as a whole, so that its presence in the ownership structure of the company can dramatically change its dividend policy, taking into account the goals of economic policy. Also, the dividend policy of companies with state participation is a source of replenishment of the budget, in connection with which the study of this topic becomes particularly important.

However, in most studies on Russian companies, the analysis of the determinants of the dividend choice is made without taking into account the influence of the presence of a state body among the shareholders of the company. Moreover, in analysing the dividend policy, either an analysis of the determinants of the level of dividend payments is made when only companies are used, paying dividends, or an estimate of the probability of payments.

There are quite many similar researches, but contrary to this one, they are outdated or examine only several hypotheses. In this paper there are 6 hypotheses and moreover, this study is devoted to Russian companies. Because Russian market is relatively young, every new year of research is highly important, because it constitute big share of the total market life cycle.

Research goal of this paper is to examine the relation between the ownership structure (different types of ultimate shareholders and their stakes, ownership structure characteristics) and dividend policy of publicly traded Russian companies (with the shares listed on the RTS or MICEX) or to show the luck of this relation. This will allow to draw conclusions on how the different ownership influence dividend payments in the existing companies and, hopefully, how to manage it beyond, using the situation. Another possible managerial application of this research is usage of the provided models by a stock investor to draw conclusions on the dividend payout policy of a company, based on its existing ownership structure.

To achieve research goal, following **objectives** were set:

- The analysis of basic and modern studies of ownership structure and dividend policy among foreign and Russian authors;
- Allocation of theories that can explain different dividends policies;
- Formulation of hypotheses;
- Selection of the most appropriate methodology for dividend policy analysis;
- Searching and collecting necessary data;
- Conduction of the empirical analysis for the influence examination of ownership structure on dividend policy of Russian companies;
- Discussion of the consistency of obtained results with the findings of existing studies on the relationship between ownership structure and capital structure.

The subject of this study is the relation of dividend policy and ownership structure. The object of the study is a publicly traded Russian companies.

The main question of this research is how the ownership structure influence dividend policy in Russian companies?

In this thesis under the term "Ownership structure" we, first of all, consider different types of shareholders. According to different studies relationship between dividend payout policy and ownership structure depends on the types of shareholders [Kumar, 2006]. "Based on classification criteria, studies use the following major ownership identities: families and individual private investors, non-financial companies, institutional investors, the state, foreign investors, and offshore companies." [Ambardnishvili T., Berezinets I., Ilina Y., Smirnov M., 2017]. Obviously because of the historical events in Russia, families are quite rare type of shareholder. So, in this study we neglected family type shareholder. Also, we do not take into account separation on private, non-financial, financial or institutional shareholders, due to time constrains. We decided that decrease in the types of shareholders that we need to analyse will lead to the increase of the researched sample and those to the better results and more trustworthy and credible model outcomes. In other words, we choose to conduct narrow but deep research.

We based our hypotheses on the main types of ownership shareholders:

- There is a negative relation between the share of **minority** shareholders and dividend payout ratio;
- There is a positive relation between the share of **foreign** shareholders and dividend payout ratio;
- There is a positive relation between the share of **offshore** shareholders and dividend payout ratio;
- There is a positive relation between the share of **strategic** shareholder and dividend payout ratio;
- There is a positive relation between the share of **state-ownership** and dividend payout ratio.
- There is a positive relation between dividend payout ratio and financial and economic performance of the company, namely the size of the company, revenue and financial leverage.

This master thesis contains an introduction, two chapters, a conclusion, a list of literature and appendixes. The first chapter is devoted to the theoretical background of the dividend policy and ownership structure. The chapter describes the main definitions, theoretical models, academic books and articles. Moreover, this chapter include basic information about Russian market related to the ownership structure.

The second chapter of the research describes the methodology, data sample, results of research and explanation. Also, at the end of the chapter we gave recommendations to the managers, regarding the results of research.

The conclusion sums up the results of this thesis as well of the relevant chapters, as well as the results obtained in the work.

The methodological and theoretical parts of the research work are based on the articles of the foreign and Russian researchers that covered topics of the ownership structure influence on the dividend policy. The orienting point for our thesis served works of such authors as Berezinets I.V., Ilina Y.B., Smirnov M.V., Polugodina V.V., Repin D.V. La Porta F. and etc. Also, at this work we used different reports, websites of periodicals, databases and etc.

1. Chapter 1. OWNERSHIP STRUCTURE AND DIVIDEND POLICY

Decisions in the field of dividends are one of the most important parts of the company's financial policy and represent decisions on the payment of part of the profits and free cash flow to the company's shareholders. Thus, if there is a choice - to pay dividends or direct resources to the development of the company by investing in investment projects - it is necessary to approach this issue in a balanced way, trying to observe the interests of different shareholders.

Obviously, that these shareholders will try to influence the financial policy and in particular dividend payments because this have direct influence on their interests, so in this work we are trying to identify how specific type of shareholders influence dividend policy.

This chapter is devoted to the theoretical framework of the dividend policy and ownership structure. In order to fully understand and explain results of the regression econometric model we should know all main dividend policies and theories, which stand behind them. Also, we cover realities of the Russian market, in order of better understanding.

1.1. Determinants of dividend policy

Topic of the dividend payments is very popular, a lot of authors tried to find out what influence dividend payments, why some companies prefer to pay high dividends, but others does not pay them for decades. We should start from the 3 basic views of researchers on dividend policy:

- "Right" (high dividends);
- "Centrists" (the size of the dividend does not matter);
- "Left" (low dividends).

Rights requires mandatory payment of the high dividends, which is extremely beneficial for potential investors who have substantial benefits from tax services, in particular for institutional investors. Centrists insist that the size of the dividend does not affect the capitalization of the company in the conditions of a perfect market. The left takes into account the imperfections of the market and taxes; therefore, it is necessary to set a low dividend, based on differences in the taxation of dividends and capital increment, i.e. their position is based on the fact that investors are mostly private, rather than institutional. Thus, the position of centrists is a basic theory, the leftists defend the interests of private investors, and the right ones are institutional ones.

The right position is well combined with the theory of "Titmouse in the hand". Walter in his study [Walter, 1963] argues that agents are not really endowed with parametric knowledge of the company's future financial results, and as a result, uncertainty is created. Uncertainty cause the need for dividend payments, i.e. the moment of receipt of dividends is a signal to the shareholder that the company is doing well. This conclusion fits well with the Gordon's theory

[Gordon, 1963], which states that imperfect agents affect the reliability of their estimates of the risks of dividend payments in the future periods, so investors want to receive payments as early as possible.

1.1.1. Signaling theory

The signal theory is the clearest confirmation of the right position. M. Miller and K. Rock dedicated their research to the problem of the signal reliability for the market, which comes from the payment of dividends and leads to the company's favourable image [Miller, Rock, 1985]. The essence of the signal theory is that by increasing dividends, the owners give signal to investors and the market as a whole about the good prospects for the company's development. The theory appeared due to the paper of S. Bhattacharya [Bhattacharya, 1979], which relates the payment of dividends to the need to search for external financing. It is noted that after the change in the company's profit due to the payment of dividends, the signal theory is not confirmed by the example of US joint-stock companies [Grullon, Michaely and Swaminathan, 2002]. It is worth noting that this conclusion is used by the authors and as a confirmation of Lintner's model of smoothing dividends.

On the other hand, Glen's [Glen, Karmokolias, Miller and Shah, 1995] study on the applicability of this model to emerging markets (India, Korea, China), showed that the smoothing of dividends on them is less common than in developed markets. Thus, modern Western researchers [De Angelo H., De Angelo L. and Skinner, 2004] came to the conclusion that the signal theory is not an indisputable explanation of dividend payments in developed markets, because such payments are characteristic of more mature companies that do not need signals to investors and the market about their profitability.

In terms of signals for the market, the payment of dividends is also associated with exogenous information shocks [Hail, Tahoun and Wang, 2012]. The more is known about the firm on the market, the less it is inclined to disclose information about itself through other expensive channels and dividend payments. This hypothesis is verified through the mandatory adoption by joint stock companies of IFRS and enforcement of laws on insider trading. According to the results of the study, the authors come to the conclusion that both measures increase the total amount of information about the joint-stock company for outsiders and the probability of paying dividends is reduced. Thus, more transparent accounting standards and disclosure rules allow external investors to better evaluate firms that are not interested in signals for the market through dividends. A more informative environment mitigates the problem of adverse selection between managers and investors, as a result of which incentives for managers to transmit information through dividend signals are reduced.

From the point of view of the signal theory, the frequency of dividend payment is also considered. In countries with a precedent system of law, shareholders are more likely to receive dividends than in countries with a codified system of law. The most common periodicity of dividend payment is semi-annual, it is rare enough in America and other countries of common law, where dividends are paid quarterly or quarterly [Ferris, Noronha and Unlu., 2007]. Thus, the frequency of dividend payment and its change can significantly affect the overall level of investor awareness and subsequent evaluation of the company in the market.

Within the framework of the signal theory, the factors influencing the decision-making on the payment of dividends are investigated. For example, F. Bacon and S. Kania [Kania, Bacon, 2005] come to the conclusion that companies are ready to finance the growing dividends, by increasing the debt. The work is interesting from the methodological point of view: the least squares method was used to construct the model using such variables as profitability, profit, risk, liquidity, financial leverage, etc. As a dependent variable, the dividend payout ratio. As a result of the study, the authors concluded that profit growth negatively correlates with the dividend payout ratio. At the same time, a positive relationship is observed between the total debt and the dividend payout ratio and gives "anomalous results".

Liu and Shan [Liu and Shan, 2007] emphasize in their works that a high dividend indicates a positive market signal, for the maintenance of which corporations and pay dividends. The above theory is extremely popular among companies in which there is a strong asymmetry of information between owners and managers. The idea of the theory is to maintain high dividends, which demonstrate the company's prosperity, as it has great financial resources to implement its own projects and maintain a high payout ratio. This factor significantly raises the company in the eyes of its shareholders and future investors. According to a study conducted by John and Williams [John, Williams 1985], even if there are substantial tax preferences, companies will pay a high dividend.

Good addition to the above works is the article of Abrutun and Turner [Abrutyn, Turner 1990]. They conducted a survey in which they interviewed the heads of large corporations. As a result, 63% of the survey respondents supported the use of the signal function of dividend payments, moreover, managers of large financial enterprises maintain that the expected future dividend policy, implying high dividends, positively affects the value of securities in the initial placement.

1.1.2. Agent theory

Agency dividend models are not as well developed by researchers as signaling ones. The essence of the agency theory is that, without sufficiently strong external control, insiders act opportunistically, in their own interests, which often run counter to the interests of other owners.

Among the studies devoted to the problem of agent conflict in connection with the payment of dividends, first of all, we should distinguish an article of Easterbrook [Easterbrook, 1984], in which he proved that the presence of large dividend payments promotes greater transparency in the work of top management and increases the possibility of its control. This is due to the fact that dividend payments cause frequent supervision of the enterprise by lawyers and investment analysts (reducing the possibility of unfair acts on the part of the enterprise). As a result, agency costs are levelled within the top management of companies that have access to insider information and extracts private benefits that may differ significantly from those of owners. Top management, voting against the payment of dividends or otherwise minimizing them, eventually gets an increase in investment costs and a decrease in the capitalization of the enterprise. In turn, the owners of the company try to take control of cash flows by influencing the dividend policy. F. Easterbrook emphasizes that controlling the impact on the payment of dividends is the main way to reduce cash flows in the hands of top management and reduce agency costs.

M. Jensen [Jensen, 1986] develops the theoretical conclusions of F. Easterbrook and argues that one of the ways to reduce agency costs is the company's debt, disciplining the behaviour of managers. In the case of a buy-back of shares, which involves debt financing, insiders become more cautious in their personal gain, because the consequences of non-payment of debt for them are more dangerous than the consequences of non-payment of dividends. The situation is aggravated also by the fact that the stock market is extremely negative about the cases of non-payment of dividends. However, it is further stated that an additional restrictor can often serve not only the stock market, but a simple reduction in the financial flow available to managers. This is indicated also by M. Officer [Officer, 2011], who argues that in order to reduce the severity of the agency conflict, it is necessary to reduce the financial flow that can be used unfavourably for the stakeholders. The author empirically proved that sending these funds to pay dividends partially prevents the use of funds by unscrupulous managers of the company.

It is interesting to look at the manifestation of agency costs in the concentration of power among insider-owners, in particular, top-managers. Owners-insiders, participating in the management of the company, negatively affect the payment of dividends. For example, in the study [Farinha, 2005] it is assumed that if a certain level of concentration of shares in the hands of managers exceeds their authority begins to strengthen and agency costs arise. The model revealing the essence of nonlinear dependence was called the entrenchment theory. The study shows that U-shaped dependence is manifested when managers own a 30% stake and lowering these agency costs helps pay dividends. The author notes that controlling directors on behalf of other shareholders (usually pension funds or trusts) can also lead to managerial entrenchment.

Adherents of the theory of hierarchy believe that firms with information asymmetry problems are more likely to pay dividends, while having less available investment opportunities [Myers, 1984; Verrecchia, 2001]. According to this theory, companies put their investments primarily to their own funds and only then enter the debt markets. Companies with low costs of information asymmetry costs have more investment opportunities, as the cost of capital is significantly reduced.

La Porta, Lopez de Silans, Schleifer and Cherry [La Porta, Lopez-de-Silanes, Shleifer, Vishny, 2000] made a great contribution to the formation of the agency theory. In their writings, the authors identified two main models that describe possible options for interaction between the insiders of the company and its minority shareholders in the frames of the agency problem. The model demonstrates the fact that companies at the development stage are endowed with great growth prospects and in the future will work on high dividend payments to emphasize their status, which is expressed in positive interaction with minority shareholders and helps in attracting external financing. The main premise of the model is the weak protection of minority investors. When the rights of minority investors are fully ensured, the revenue model is functioning. Minorities for their part put pressure on the corporation's insiders, which affects the substantial increase in dividends. The results obtained by Burkart, Gromb and Panunzi [Burkart, Gromb, Panunzi 1997] indicate that the owner of the majority type makes efforts to achieve personal interests, using the resources of the corporation, and does not take into account the position of minority shareholders. Scientists have conducted research on dividend payments at zero and low rates, which are the result of an agent conflict. In addition, Olmen, Nof and Peterson [Holmen, Knopf, Peterson 2008] stressed that the majority owners exercise significant changes in the dividend policy being implemented, depending on the fluctuation of tax rates. These adjustments reduce the tax payments of owners. This work closely links the client and agency theory of dividend policy.

Because of the rapid development of behavioural theory in the 70s-90s of the 20th century, Shefrin and Statman [Shefrin and Statman, 1984] organized an experiment where they established a "blindness" of investors regarding the policy of payments. The economic agents participating in the experiment looked at the dividends as a source of profit of the current period, and for the sale of the share as a loss in the form of a part of the capital. This position is consonant with the fact that not only the dividend policy being pursued is important for the investor, but also the size of the dividend. Supporters of this statement are also representatives of agency theory. In their opinion, managers do not always work for the benefit of owners, therefore the established policy of high dividend payments forces them to search for the most

effective projects in terms of NPV and the management's need to take on the risks of both a systematic and an unsystematic type.

1.1.3. Client theory

In the analysis of payment policy, the client theory is of particular interest. The fundamental factor of customer choice is the age of the investor and his expected income. In 1963 Modigliani and Miller stressed that the company has the right to declare both high and low dividend payments, attracting either institutional or private investors. Thus, a normal distribution of investors between companies is formed, depending on their preferences. The expected type of investor is the main reference point for Russian public companies when conducting a dividend policy. In order to attract an institutional investor, you need to declare your intention to pursue a policy of high dividend payments, for a private rational investor (constantly making sales transactions), on the contrary, a large payout ratio is not required. Shefrin, Hersh and Thaler [Shefrin, Hersh, Thaler 1988] emphasized that the age difference criterion is highlighted in the fact that younger investors often prefer low dividend payments, and older investors insist on a policy of high dividend payments for current consumption.

In the study, Lakonishok and Vermaelen [Lakonishok, Vermaelen, 1986] analyzed the behaviour of institutional investors; it was confirmed that institutional investors need higher and frequent dividend payments. Such an indicator is due to the existence of significant tax privileges, compared to obtaining profits from the increment of capital.

The main idea of the client theory is the fact that it is the owners who determine the impact on the dividend rate of the corporation. These findings can be demonstrated on the basis of the indicators obtained by Peres-Gonzalez [Perez-Gonzalez, 2003]. Results of the study show the fact that tax rates do not greatly affect the policy of payments to the corporation.

Lintnerin his revolutionary article [Lintner, 1956] showed that the size of the dividend is directly related to the current profit of the company and indirectly to the profit of the previous year. Thus, for the first time, the previous dividend size and net profit of the corporation were evaluated as factors affecting the current dividend policy.

Managers appear to believe strongly that the market puts a premium on firms with a stable dividend policy. While Lintner's study was done over 50 years ago and his sample contained only 28 firms, his findings seem to hold for a wide set of firms and more recent time periods.

Benartzi, Michaely and Thaler in their work [Benartzi, Michaely, Thaler, 1997] clearly demonstrate that, following the increase in the size of the dividend in the current period, in most cases there is an increase in profits in the next two periods. The results of this study testify the

foresight of managers; managers in calculating the current size of the dividend take into account the expected growth or fall of the net profit of the corporation.

1.1.4. Life cycle theory

A relatively new dividend theory is the theory of the company's life cycle. It assumes that the dividend policy informs about the systematic risks of companies. Its essence lies in the fact that young companies are in greater need of external financing and have many new investment opportunities. In this situation, the agency problem still does not find such an acute embodiment, as in the case of mature companies whose opportunities for expansion are already limited, they have a large amount of free cash that can be used to pay dividends.

Initially, the theory of the life cycle of the company was considered from the point of view of strategic management. The first studies, which drew attention to the financial component, accounted for the 1990s. [Anthony, Ramesh, 1992]. After analysing more than three thousand companies, the authors identified three stages of the life cycle: growth, maturity, stagnation, and proposed to differentiate them with the indicators, one of which is the level of dividend payments.

Y. Fama and C. French [Fama, French, 2001; Fama, French, 2004] revealed that at the American market, since the end of the seventies, the share of issuers that pay dividends is declining and, in this connection, they have begun to doubt the theory of dividend payment preferences. The authors developed a theory of the life cycle regarding dividend policy analysing the characteristics by which we divide dividends and companies that do not pay them. The results of the study showed that three groups of factors affecting the decision to pay dividends are: company size, profitability and investment opportunities. The authors came to the conclusion that dividends are paid, mostly large enterprises. Companies that do not make dividend payments are smaller and less profitable than those that pay, but they have more investment opportunities and their investment costs exceed earnings.

1.1.5. Russian and international views on dividend policy

Among the Russian studies concerning dividend policy, first of all, we can highlight observations of the problem of paying dividends and the influence of the internal and external factors that affect it. In the work of E.A. Makarova [Makarova, 2010] considers such aspects of dividend policy as the availability of information asymmetry and the emergence of agency costs. In addition, the main characteristics of dividend policy in developed countries are analysed. Separately, the author singles out a block of articles concerning developing countries and summarizes that there is a correlation between strong corporate governance and the payment of large dividends.

Russian empirical studies confirm that the payment of dividends in Russia is much lower than dividends paid by companies in developed and emerging markets [Pirogov and Volkova, 2009; Shagaleeva, 2011; Ankudinov and Lebedev, 2016], which, however, correlates with the conclusions of foreign works [Faccio, M., Lang L. H., Young L., 2001, Bebczuk, 2005].

A review of the research related to dividend policy in Russia is presented in the article by P.A. Guryanov [Guryanov, 2014]. Dividends are defined here as a combination of several components: the state of the capital market, the degree of its competitiveness and the financial management policy. In the first part of the work, the author analyses various theories explaining the role of the dividend policy of enterprises, and then tries to prove that changes in the yield of shares in a short period do not affect the capitalization of the joint-stock company in terms of statistical significance.

From the point of view of the methodology, an interesting attempt to test the Lintner model for the developing BRIC countries: Russia, India, Brazil and China was conducted by N.K. Pirogov and D.V. Kravchuk [Pirogov and Kravchuk, 2011] with the comparison of the findings with the results of the model evaluation for the developed US market. In this paper, a generalized method of moments is used as a method, in connection with the inability to apply regression analysis of panel data, most often used in similar studies. Since in the Lintner model, the dividend of the year "t" is used as the explainable variable, and as an explanatory one - the dividend of the previous year "t-1", it turns out that the random error strongly correlates with the previous year's dividend, which makes the model parameters estimates untenable. As a result, the authors note that the dividend policy in the BRIC countries has similar trends and is characterized by a high rate of adaptation to the target dividend and a small share of the profit allocated for dividend payments, which is different from the main trends in US dividend policy.

Researchers in emerging markets most often choose for analysis one country or vice versa make too large a sample, which makes it difficult to identify patterns. Russian researchers [Pirogov and Volkova, 2009] went the other way and singled out three countries for analysis. In this paper, the authors examine the external factors that affect the payment of dividends: the real interest rate and the tax rate, the development of the stock market and the banking system. Among the internal factors - the size and growth rate of the company, its profitability, investment opportunities and financial constraints.

To conduct an empirical study, a sample of companies from Russia, India and China for 1995-2008 was formed. The method of panel data analysis was used. As a result of the work, the authors concluded that the determinants of the dividend policy of Russia, India and China in each case are individual, except for the size of the company and the rate of its growth. As for Russia, the payment of dividends this year depends only on dividends in the previous year and

does not depend on the profit in the current period. To some extent, this shows that Russian companies have a dividend policy, not random payments. Moreover, the dividend policy is also positively influenced by the size of the company and the growth rate of its assets. Stable and large companies pay more dividends than small and fast-growing ones.

We found only one work, among Russian studies, which takes into account the quality of corporate governance and the ownership structure, cumulatively affecting the payment of dividends [Polugodina and Repin, 2009]. This is one of the first studies analysing the impact of these non-financial factors on the payment of dividends. The paper models the dividend policy in the framework of the fundamental problem of information asymmetry. As for the ownership structure, a hypothesis is here put forward about the different impact on payment of dividends for various shareholders: the board of directors, management, the state and offshore companies. For the analysis of corporate management, authors compiled their own quality index.

As a result of the research, several models were constructed showing that, in addition to financial factors, the quality of corporate governance and the company's ownership structure influence the payment of dividends. It should be noted that the authors focus attention on the fact that dividends are an element of corporate governance, and the increase in its quality indicators positively affects the payment of dividends. As for the indicators of the ownership structure, they have a multidirectional impact on the payment of dividends. If the share of ownership prevails in the hands of managers and strategic investors, this helps to reduce dividends. On the other hand, if the property is concentrated with offshore companies and state-owned companies, dividend payments are increasing. The main conclusion of the authors is the empirical proof of the interconnected structure of ownership and the quality of corporate governance, which have a simultaneous but separate influence on dividend policy.

As for the issue of the influence of ownership structure on dividend policy, in modern studies there are two points of view: the existence of a positive relationship and its absence. But still, a significant part of scientists believes this dependence is reversed. Research of A.A. Zaltsman and T.V. Teplova [Teplova T.V., Zaltsman A.A., 2015] is devoted to identifying the features of dividend choice in emerging capital markets and highlighting the characteristics of the key owner of the company that affect the payment of dividends. As a result of empirical verification, the author concluded that Russian companies with cross-listing are more inclined to pay dividends, but the amount of payments is on average lower. Also revealed that large and mature companies highly valued by the market, the percentage of payments is higher. The originality of the work lies in the fact that for the first time the differences in the results of empirical testing using the Lintner model were used when using reports on national and international standards on a sample of 50 Russian companies. The results of the econometric

model showed that the majority of Russian companies do not smooth out their dividend policies, but they have target indicators of the ratio of dividends to net profit. In general, the changes in dividends do not follow the change in market demand for dividend shares, but companies are more inclined to reduce dividends when the dividend premium is low.

A large share of the state's participation in Russian joint-stock companies generates a non-passing interest in this topic among many Russian researchers. The authors note the retarding role of the state participation in the company when it comes to improvement of the corporate governance quality. However, with regard to the payment of dividends, enterprises with state participation demonstrate better performance than private companies. At the same time, the authors emphasize that in the largest companies of national importance with the participation of the state, cases of violation of shareholders' rights to collection of dividends, manifestations of opportunism and abuse by management are not uncommon. This is confirmed also by L.S. Ruzhanskaya [Ruzhanskaya, 2010], in her work she points out that a high amount of dividends is often associated with the legalization of income, and gives an example with the company "Gazpromneft", which in 2002 and 2004, was the record holder for the payment of dividends, and both in 2003 and 2005 showed zero level of dividend payments.

Thus, among Russian studies there is no clear position on the impact of various types of the owners on the probability of dividend payment. Most authors are inclined to believe that the participation of the state and foreign owners positively affects the dividend policy of companies, while the presence of a large owner reduces the likelihood of dividend payments.

The articles of Naser, Nuseibeh and Al-Kuwari [Naser, Nuseibeh, Al-Kuwari, 2004], Al-Makawi [Al-Malkawi, 2007] demonstrate the results, which testify differences in the dividend policy of state and public owned companies. The authors of the papers revealed that in the developing markets state ownership is a key factor in the policy of payments. Researchers note that state-owned companies have a greater creditworthiness, which plays a decisive role in obtaining funds with minimal costs and at a minimum rate. Reducing the cost of debt service allows you to free up funds to pay high dividends. Non-state public companies are facing difficulties in attracting additional loans, which is why they try to finance their new projects through retained earnings, while reducing the payout ratio. In addition, the authors note that the need for state companies to maintain a high dividend depends on the age of the domestic stock exchange of the state, in other words, dividend fulfils the signal function and increases the confidence of the corporation's investors.

Al-Malkawi [Al-Malkawi, 2007] showed that the companies that carried out their activities at the researched markets had a great opportunity for development, so they needed a large investment to achieve sustainable growth. Such indicators should be taken into account

during consideration of the payment policy of Russian companies, since the need for investments that exceed the world average can lead to a drop in the payout ratio and an increase in retained earnings directed towards investments in innovative projects.

Another important research was conducted by Alekseeva, Berezinez and Ilina. Their article “The influence of the ownership structure on the dividend policy of Russian companies” covers very similar topic, the differences are time period and analyse of top-3 main companies’ shareholders [Alekseeva, Berezinez and Ilina, 2014]. Also, Berezinez and Ilina wrote one more relevant article with Ambardnishvili T. and Smirnov M. In this article, the authors examine how shareholders of Russian companies with state property realize their preferences regarding dividend payments and the factors that determine the dividend policy of these companies. The Board of Directors as the key corporate governance body is the representative of shareholders and acts as an intermediary between the shareholders and the company's management. In this article, the authors conduct an empirical analysis of the relationship between the characteristics of the boards of directors and the dividend policy of Russian companies with direct state ownership [Ambardnishvili, Berezinets, Ilina and Smirnov, 2017].

Despite the fact that the majority of studies confirm the positive relationship between state participation and the probability of dividend payments, there is also the opposite point of view [Ben-Nasr, 2015]. It is noteworthy that the author proceeds from the assumption that corporate governance at the country level influences the dependence between state participation and payment of dividends. On the example of a rather wide, by the geography of joint-stock companies (262 companies from 43 countries), the sample confirms the negative impact of state participation on the payment of dividends. In this case, also the legal characteristic is taken into account: this influence is most typical for countries with a weak system of checks and balances. Despite the large-scale privatization programs being carried out over the last three decades, companies with a share of state participation make up a significant part of the total number of companies in emerging markets.

The company is defined here as a "state owned" if the state owns more than 10% of the shares, and then it can be argued that the state is the most powerful shareholder in the world (United Nations Conference on the Trade and Development). Especially in the state-owned companies managers are poorly controlled and determined to achieve political goals, and not to maximize profits. Thus, even state control of dividend policy at the level of countries and companies does not save minority shareholders from infringement of their rights in the context of dividend payments. It is interesting that one of the hypotheses that H. Ben-Nasr is testing is bias in the sphere of politics, namely, the negative impact of state ownership on the probability of paying dividends in countries with weak government policy restrictions is tested. As a result,

the author comes to the conclusion that the strengthening of political institutions in developed countries positively affects the efficiency of recently privatized firms and, as a result, the probability of paying dividends.

1.2. Ownership structure as a determinant of dividend policy

The structure and concentration of property as one of the mechanisms of corporate governance aimed at reducing agency costs and resolving an agency conflict affect the decision-making in the field of dividends. However, theoretical studies and business practice show that not only the concentration of corporate property in the hands of the largest shareholders, but also the type of shareholders have a significant impact on the decisions of companies in the field of dividend payments.

It should be noted that in modern literature, attention is increasingly focused on such factors of the ownership structure that affect the payment of dividends, such as the concentration of ownership and the composition of shareholders. Researchers agree that there is dependence between corporate governance and dividend policy, but the very nature of dependence is the subject of scientific disputes. In addition, I would like to emphasize that in conditions of weak institutional protection of shareholders, the payment of dividends is a kind of "compensation for uncertainty in the absence of opportunism on the part of management and majority owners" [Ruzhanskaya, 2010].

It is believed that in countries where the concentration of ownership is high (including the Russia), conflicts between minority shareholders and majority shareholders are more important than those between shareholders and managers.

1.2.1. State ownership

From the structure of ownership depends the level of influence of various types of owners. Here it should be noted that for Russia it is usually the concentration of large blocks of shares not only in the hands of private and institutional entities, but also the state (privatization features, the right "golden share"). The state's participation, both direct and indirect, is estimated at more than 50% by various estimates [KPMG, 2011], which is possible through the mechanisms of state corporations and direct ownership of private companies' assets.

A large share of state participation in the company's share capital can be viewed both in a positive and negative light. In the first case, the company "reduces transaction costs by replacing the system of market relations with the mechanism of administrative centralization" [Gordeeva, 2012], and thus economies of scale appear.

Decision-making on the payment of dividends is an important part of the company's financial policy and often causes harsh debates when it is necessary to observe the interests of various stakeholders. According to the agency theory, managers are positively inclined to

smooth out conflicts with shareholders through dividend policy. However, the asymmetry of information leads to the fact that they do not want to pay dividends. But with improving the quality of corporate governance (and as a consequence better protection of minority shareholders), this problem can find a solution.

Another research [Wei, Zhang and Xiao, 2015] also confirms the positive influence of large owners on the probability of dividend payment. At the same time, the authors point out that in the most cases the dividend policy is adjusted to the preferences of controlling shareholders. Khan [Khan, 2006] agrees with this position, which concludes that dividends are not paid by managers voluntarily and with increasing concentration of ownership, there may be a decrease in the probability of dividend payment. The author, following R. La Porta et al. [La Porta et al., 2000], argues that dividends can also be the result of an effective system of legal protection of shareholders, as, for example, in the UK.

On the other hand, A. Schleifer and R. Vishny [Shleifer, Vishny, 1997] believe that the presence of one large shareholder may adversely affect the interests of minority shareholders, due to abuse of influence and control on the part of the former. This is also evidenced by empirical evidence showing that the weak protection of minority shareholders' rights and their infringement on the part of a large owner lead to a decrease in the probability of paying dividends [Harad, Nguyen, 2011].

Only some foreign scientists [Al-Malkawi, 2007; Setiawan and Phua, 2016] argues that the presence of the state in the ownership structure of the company positively affects the payment of dividends. The same point of view is held by the Russian researchers [Malginov, Radygin, 2007], who prove that companies with the state participation are more inclined to pay dividends than private companies. In addition, for state-owned companies, there are recommendations for payment of dividends [Shagaleeva, 2011], which are often not observed.

Most studies [Kumar, 2003; Bradfordetal., 2009], show a negative dependence on this issue on the example of emerging markets. Turkish researchers [Al-Najjar and Kilincarslan, 2016] formulate directly opposite hypotheses about the positive and negative effects on the payment of dividends. This is due to the fact that on the one hand, the state often pursues some political goals in the management of the joint-stock company and is economically inefficient. On the other hand, positive influence is noted in those companies where the state wants to "show" itself an effective manager and thus realizes a signal theory. In general, in developing markets, foreign authors agree on the negative impact of state participation [Ben-Nasr, 2015]

Some Russian scientists also advocate negative dependence [Ankudinov and Lebedev, 2016], believing that the owner-state considers companies as "investment inflow channels" and are inclined to retain most of the income.

The situation in Russia is a vivid confirmation of this: shortcomings in the practical implementation of legislation that protects the rights of minority shareholders lead to acute agency conflicts that affect the payment of dividends. At the same time, some researchers believe that concentration of property is not only not decreasing, but even increasing [Vernikov, 2009]. "In Russian companies, control belongs not just to insiders, but to a specific key owner - a blockholder" [Kapelyushnikov, 2005].

1.2.2. Foreign and offshore shareholders

The issue of the impact of foreign participation in the ownership structure on dividend payment is a poorly understood problem and is considered in the frameworks of more general studies. Among the works, there is empirical evidence, both positive dependence [Shukla, 2014], and the lack of dependence [Kumar, 2003]. Russian scientists [Polugodina, Repin, 2009] also prove the positive relationship between the foreign participation and dividend payment, complementing the picture by the fact that the presence of offshore companies increases dividend payments, which are a tool for withdrawing cash.

This is explained by the fact that in Russia deoffshorization has not become so widespread as in the USA (for example, the Sarbanes-Oxley Act, which tightens the requirements for financial reporting). Of course, laws are being adopted in Russia aimed at tightening the identification, including the owners of offshore companies (the Federal Law "On Countering the Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism" of July 7, 2001, No. 115-FZ), but their effectiveness are not yet high. It is important to mention that the sample in the study covers the period 2009-2014, and the law on deoffshorization was adopted only in 2015 to prohibit Russian citizens from using foreign jurisdictions to conceal income.

The authorities want to keep profits gained from Russian assets to remain in Russia, and if it was still exported abroad, it will still have to pay for it. Many Russian investors and shareholders prefer to become a non-residents not to be subject to the law, although there are still many offshore schemes that allow trustees, through trusts and funds, to deduce assets to Russian entrepreneurs.

In addition, there is a view that the positive relationship between foreign participation and the likelihood of dividend payments is due to the inability of foreign investors to control the behaviour of managers. And to avoid opportunistic behaviour on their part, companies are more likely to pay dividends [Ullah, Fida and Khan, 2012]. As was stated by A.B. Ankudinov and O.V. Lebedev "the presence of a foreign shareholder in the ownership structure has a positive effect on the level of dividend payments, in terms of both the availability of financing and the

potential coercion of management towards civilized forms of corporate governance and the use of financial policy as an instrument of management discipline" [Ankudinov, Lebedev, 2016].

The opposite point of view is expressed by the researchers of the Turkish market [Al-Najjar, Kilincarslan, 2016]. Justifying the negative dependence, the authors point out that foreign investors are inclined to the growth potential in the long term and will not generate short-term temporary profits in the form of dividends.

Thus, among researchers there is no clear position on the impact of various types of owners on the probability of dividend payment. Most authors are inclined to the fact that the participation of the state and foreign owners positively affects the dividend policy of companies, while the presence of a large owner reduces the likelihood of dividend payments.

It is assumed that the payment of dividends should be higher in companies in which there is a large owner. However, some scientists do not find confirmation of this assumption and empirically show the statistical significance of the dividend payout ratio in the presence of a large owner.

From the point of view of A. Radygin and R. Entov, the result of the concentration of property in Russia is, on the one hand, the insolvency of the mechanisms for protecting minority shareholders, and on the other, the impossibility of conflict-free implementation of the preferential rights of large owners [Radygin, Entov, 2008].

The last 10-15 years foreign researchers are increasingly interested in the influence of the ownership structure on dividend policy of companies. First of all, scientists are interested in emerging markets. R. Bebczuk [Bebczuk, 2005] examines such interconnection in Argentina by the example of 65 non-financial companies observed in 2003-2004. It is worth noting that the author uses both public and private information. The expected conclusion is that the main owner-shareholder contributes to the payment of dividends. This hypothesis finds confirmation in the Malaysian market, where there is a positive relationship between the large size of the firm and the presence of a large owner in it, which affects the payment of dividends [Yusov, Ismail, 2016].

On the example of the Japanese market [Harada, Nguyen, 2011] two opposite hypotheses are tested about the positive and negative influence of the concentration of ownership on the probability of dividend payment. In the first case (the monitoring hypothesis), the authors believe that concentration of ownership leads to more efficient management and firms pay dividends in a good faith. In the second case (the rent extraction hypothesis), the hypothesis is advanced on the premise that large owners prefer to derive private benefits and the probability of paying dividends is reduced. As a result of the empirical study, the hypothesis was confirmed that firms

with a high concentration of ownership are less likely to pay dividends, which leads to the conflicts between majority shareholders and minority shareholders.

1.3. Summary of Chapter 1

Summarizing up this chapter, we examined theoretical prerequisites for the causal relations between dividend policy and ownership structure in Russian and foreign joint-stock companies. According to the stated subject, the majority of modern research is based on agency and signal theories, which still do not lose their relevance. The presented theoretical base gives a wide methodological basis for statement of hypotheses of our research and the subsequent empirical analysis. Also reviewed literature will give the necessary basis for results explanation and analyses. It should be noted that, despite the existence of a whole block of studies on the influence of various types of owners on the dividend policy of companies, there is by now no universal view of the nature of this dependence, and the results of a number of works are partly contradictory.

2. CHAPTER 2. EMPIRICAL STUDY OF THE RELATIONSHIP OF THE OWNERSHIP STRUCTURE AND DIVIDEND POLICY

This thesis is based on an analysis of the ownership structure of the company and its impact on the payment of dividends. Theoretical studies show that the payment of dividends depends not only on the concentration of ownership in the hands of the largest shareholder [Shleifer, Vishny, 1986], but also on the type of shareholders that affect the dividend policy of the company. In addition, in many countries, the structure is characterized by the presence of two or three large shareholders who are struggling to influence decision-making by harassing minority shareholders [Bebczuk, 2005; Yusov, Ismail, 2016].

2.1. Hypotheses

This subsection presents the hypotheses both about the influence of ownership structure and dividend policy in Russian companies. In our thesis dividend payout ratio is a variable that represents dividend policy. This variable shows how much money company repays to the shareholder and how much it reinvests out of earnings.

Hypothesis 1. There is a negative relation between the share of minority shareholders and dividend payout ratio;

Minorities shareholders are traditionally weak in Russia due to law and practical drawbacks of the Russian system. As a result, minorities do not have any influence on the company strategy. In Russian realities for minority shareholders is quite difficult to elect their own representative into the Board of Directors.

We consider that shareholders will not cause any dividend payout ratio increase due to all mentioned facts.

$$DPR_{it} = ß_0 + ß_5 * minorities_{it} + ß_6 * ROA_{it} + ß_7 * Size_{it} + ß_8 * Leverage_{it} + \varepsilon_{it}, \text{ where (1)}$$

Company *"i"* at time *"t"*.

$ß_0$ – unknown scalar quantity;

$ß_5 * minorities_{it}$ – is a variable characterizing the stock of shares held by minority owners;

$ß_6 * ROA_{it}$ - is a variable characterizing profitability of the company;

$ß_7 * Size_{it}$ - is a variable characterizing the size of the company;

$ß_8 * Leverage_{it}$ - is a variable characterizing debt ratio of the company;

ε_{it}– error in the model under study.

Hypothesis 2. There is a positive relation between the share of foreign shareholders and dividend payout ratio;

Obviously foreign investors are not willing to invest into Russian companies in long-term period due to extremely high volatility of the market and political risks. So they interested to

receive all benefits from their investitions in short run or in middle run and the best way for this is dividends.

We consider that foreign investors cause increase of dividend payments, due to reasons mentioned above.

$\mathbf{DPR_{it} = ß_0 + ß_2*foreign_{it} + ß_6*ROA_{it} + ß_7*Size_{it} + ß_8*Leverage_{it} + \varepsilon_{it}}$, where (2)

Company *"i"* at time *"t"*.

$\mathbf{ß_0}$ – unknown scalar quantity;

$\mathbf{ß_2*foreign_{it}}$ – a variable characterizing the stake of shares held by foreign shareholders (non-Russian and non-Offshore);

$\mathbf{ß_6*ROA_{it}}$ - is a variable characterizing profitability of the company;

$\mathbf{ß_7*Size_{it}}$ - is a variable characterizing the size of the company;

$\mathbf{ß_8*Leverage_{it}}$ - is a variable characterizing debt ratio of the company;

ε_{it}– error in the model under study.

Hypothesis 3. There is a positive relation between the share of offshore shareholders and dividend payout ratio;

In recent years, a significant ownership share of the Russian companies belongs to companies registered in offshore zones, such as the Republic of Cyprus, the British Virgin Islands, the Republic of Malta, the Principality of Monaco, and others.

As known, offshore companies, and in particular offshore holdings, are widely used for the purpose of tax optimization. When dividends, interest and other payments are paid by a Russian company in favour of persons registered in regions that do not have agreements with Russia on eliminating double taxation, or when companies make payments to a Russian company, income is taxed by two types of tax: the company's profit tax and the dividend tax income. At the same time, there are a number of countries with which Russia has agreements to eliminate double taxation: Cyprus, the United Kingdom, Switzerland, the Netherlands; while for offshore zones there is either a lack of taxation or the application of preferential tax rates.

Russian companies can use dividends to withdraw funds abroad, so we can assume that in the case of the presence of offshore companies in the ownership of the company, higher dividends are paid [Polugodina, Repin, 2009].

So, when transferring dividends to an offshore company registered in the British Virgin Islands, for example, where there is no taxation, the Russian company must retain only 15% of the amount. However, the situation is even more advantageous when the company is registered in Cyprus: under an agreement between Russia and Cyprus, when paying dividends to a Cypriot company, a Russian firm will be required to withhold a profit tax that is only 5-10%, depending on the Cyprus company's ownership interest in the capital Russian company.

It may be more profitable for a Russian company to transfer money to the offshore owner for services rendered, which allows it to reduce the taxable base for income tax in Russia, to manage the acquired real estate and other property more efficiently, to reduce taxation on interest for credit and royalties. At the same time, most operations can be conducted confidentially. This means that Russian companies that have offshore companies as part of their shareholders can pay lower dividends in order to transfer money to offshore zones and carry out tax optimization.

Thus, there are different positions for paying dividends by companies belonging to offshore companies, which makes it relevant to test the hypothesis of the effect of this category of owners on dividend policy.

$\mathbf{DPR_{it} = ß_0 + ß_4 * offshore_{it} + ß_6 * ROA_{it} + ß_7 * Size_{it} + ß_8 * Leverage_{it} + \varepsilon_{it}}$, where (3)

Company "*i*" at time "*t*".

$\mathbf{ß_0}$ – unknown scalar quantity;

$\mathbf{ß_4 * offshore_{it}}$ – is a variable characterizing the share of shares held by offshore companies;

$\mathbf{ß_5 * minorities_{it}}$ – is a variable characterizing the stock of shares held by minority owners;

$\mathbf{ß_6 * ROA_{it}}$ - is a variable characterizing profitability of the company;

$\mathbf{ß_7 * Size_{it}}$ - is a variable characterizing the size of the company;

$\mathbf{ß_8 * Leverage_{it}}$ - is a variable characterizing debt ratio of the company;

$\mathbf{\varepsilon_{it}}$– error in the model under study.

Hypothesis 4. There is a positive relation between the share of strategic shareholder and dividend payout ratio.

Obviously, every company have a strategic shareholder, and this shareholder is the most powerful and influential actor in the company. Usually information about the strategic shareholder is the most transparent and easily accessible, due to importance of it to the company.

In this study we neglect the type of the strategic shareholder, but we pay more attention to the share size. We expect, that due to large share of company ownership strategic shareholder would be interested in increasing of dividend payout ratio, because this shareholder will receive the biggest share of dividends.

$\mathbf{DPR_{it} = ß_0 + ß_3 * strategic_{it} + ß_6 * ROA_{it} + ß_7 * Size_{it} + ß_8 * Leverage_{it} + \varepsilon_{it}}$, where (4)

Company "*i*" at time "*t*".

$\mathbf{ß_0}$ – unknown scalar quantity;

$\mathbf{ß_3 * strategic_{it}}$ – a variable characterizing the share of the largest shareholders;

$\mathbf{ß_6 * ROA_{it}}$ - is a variable characterizing profitability of the company;

$\mathbf{ß_7 * Size_{it}}$ - is a variable characterizing the size of the company;

β_8***Leverage**$_{it}$ - is a variable characterizing debt ratio of the company;

ε_{it}– error in the model under study.

Hypothesis 5. There is a positive relation between the share of state-ownership and dividend payout ratio.

There main difference for this is that Russian government experience significant budget deficit and the need in money. The simplest way to solve this problem is to receive needed money from the state-owned companies in the form of dividends.

And all past years Russian government tries to do this through publishing recommendations to the top management of state owned companies. The point of this recommendations is advice (not requirement) to pay not less than 50% from the earnings on the form of dividends. So, it is obvious that we expect to see high DPR in state owned companies.

$$DPR_{it} = \beta_0 + \beta_1 * gov_{it} + \beta_6 * ROA_{it} + \beta_7 * Size_{it} + \beta_8 * Leverage_{it} + \varepsilon_{it}, \text{ where (5)}$$

Company "*i*" at time "*t*".

β_0 – unknown scalar quantity;

$\beta_1 * gov_{it}$ – a variable characterizing the stake of shares owned by the state or state institutions;

$\beta_6 * ROA_{it}$ - is a variable characterizing profitability of the company;

$\beta_7 * Size_{it}$ - is a variable characterizing the size of the company;

$\beta_8 * Leverage_{it}$ - is a variable characterizing debt ratio of the company;

ε_{it}– error in the model under study.

Hypothesis 6. There is a positive relation between dividend payout ratio and financial and economic performance of the company, namely the size of the company, revenue and financial leverage.

We assume that the size of the company has a significant impact on the dividend choice. Companies of a larger size are more likely to pay dividends. On the positive relationship between these variables indicates works of H. Ho [Ho H., 2002] and others [Al-Malkawi H., Rafferty N., Pillai M., 2010].

Dividend payments are significantly influenced by the company's performance, expressed in terms of profitability indicators. The higher the profitability indicators, the greater the probability of paying dividends. This is confirmed by a number of works devoted to studies of dividend policy in developing countries [Reddy Y., Rath S., 2005].

The value of the financial leverage coefficient (the ratio of the amount of borrowed capital to the value of own capital) also has a significant effect on the dividend choice. We assume that companies with high financial leverage will be more likely to make dividend payments [Al-Kuwari D., 2012].

$\mathbf{DPR_{it} = ß_0 + ß_6*ROA_{it} + ß_7*Size_{it} + ß_8*Leverage_{it} + \varepsilon_{it}}$, where (6)

Company *"i"* at time *"t"*.

$\mathbf{ß_0}$ – unknown scalar quantity;

$\mathbf{ß_6*ROA_{it}}$ - is a variable characterizing profitability of the company;

$\mathbf{ß_7*Size_{it}}$ - is a variable characterizing the size of the company;

$\mathbf{ß_8*Leverage_{it}}$ - is a variable characterizing debt ratio of the company;

$\mathbf{\varepsilon_{it}}$– error in the model under study.

2.2. Methodology

We will use quantitative research method. This study is organized in the format of an empirical study. The problem, which is identified in the research, is the difficulty of gaining and processing information about an ownership structure of Russian companies.

The empirical research consists of regression analyses of the relationship between ownership structure and dividend payout ratio. All hypotheses are tested using regression models.

The regression analysis is chosen as methodology to study relationship between companies' ownership structure variables and dividend payout ratio. Collected data is panel because it contains observations of multiple characteristics of ownership structure over multiple periods for the same companies. For this research we created 3 types of regression models (pooled OLS, fixed effect and random effect), but our tests showed that fixed effect model is the most suitable for our research and data.

Research design of this thesis is explanatory because we want to examine influence of ownership structure on dividend policy, which is a conditional phenomenon with causal relationships. However, it should be kept in mind that it is very difficult to constrain the whole master thesis within only one type of the research design. Obviously, we cannot avoid descriptive and exploratory types as well, though in our opinion these ones will not be dominant.

We collected historical data of publicly traded Russian companies (with the shares listed on the RTS or MICEX), with the research period: 2007-2017. We excluded "young companies" (less than 5 years old), because companies at the begging of the life cycle prefer to reinvest profits, rather than pay dividends. Also, we excluded affiliated companies or companies almost completely owned by one shareholder (more than 75% of all shares). Important to mention, that we took into account only ordinary shares, due to information and time limitations.

We found data for 707 publicly listed companies and the information regarding their ownership structure, moreover, we collected all data about the main financial results, but after all filters and screening processes we have full data set for 91 company. The final panel consisted of 704 observations.

The main source of the ownership data is the Amadeus, while the primary sources of the financial data are the Thomson Reuters Eikon. All figures were collected from the International Financial Reporting Standards (IFRS) balances and reports, because they are consolidated and shows better figures related to the revenue and net income. The data is a cross-sectional panel data. Any missing information about companies would be collected from annual reports, financial statements, audit reports, statistical data and company's websites.

As the software for all calculations STATA will be used.

Table 1 Description of variables used in analysis

Variables	Description	Type
Dependent variable		
Dividend payout ratio	DPR is calculated as a ratio between dividend per share and earnings per share for the specific company in the end of the year. This variable shows how much company pays to their shareholders out of its Net Income. Normal distribution of DPR goes from 0 to 1, but sometimes companies pay dividends higher than their Net Income (trough leverage or Retained Earnings), in this situation DPR would be higher than 1. On the contrary, if company has Net Loss, but it pays the dividends, then company will have negative DPR. $$\text{DPR} = \frac{\text{Dividends}}{\text{Net Income}}$$	Discrete
Independent variables		
Offshore	Group of all offshore shareholders. We considered as offshore countries, countries such as: Commonwealth of the Bahamas; Belize; Bermuda; British Virgin Islands; Cyprus; Gibraltar; Grenada; Macau; Mauritius; Republic of the Maldives; Republic of the Marshall Islands; Principality of Monaco; Luxembourg; Liechtenstein; Lebano; Cayman Islands; Republic of	Discrete

	Panama.	
Foreign	Percentage of foreign shareholders is calculated as the sum of non-Russian and non-Offshore shareholders, who's stock of shares is larger than 3%.	Discrete
Gov	Percentage of state owned shares. Important to mention that in Russia government can owe companies trough different institutions, for instance, company may belong to Russian Government, regional governments, "Rostec" (company, that manages government assets), "VEB", "Rosimyshestvo" and other different institutions, which we treat as state.	Discrete
Strategic	Percentage of shares of the largest shareholder. Every company has the shareholder that holds the largest stock of shares. This variable represents the biggest ownership of every researched company. Important to mention that this variable can contain or intersect with other variables, for example, in Russia in majority of cases state is the main owner, so this variable will contain figures of the (Gov) variable, this mean, that it is expected, that these variables will experience high multicollinearity, due to this statistical problem, we will create one more model for not using them together.	Discrete
Minorities	We consider the minority as owner, who own less then 3 percent of total shares. This variable represents the sum of all minorities ownership per one company.	Discrete

ROA	This ratio is calculated as a return on the total assets of the company. $$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}$$	Discrete
Leverage	Variable characterizing the structure of the company's capital. The values of the variable are calculated as the ratio of the total amount of borrowed funds of the company to the value of its own capital.	Discrete
Size	Variable characterizing the size of the company and measured as a natural logarithm of revenue.	Discrete

Above we mentioned our variables and gave brief description how we are going to calculate them. Below we will provide explanation of these choices, sources of data and other necessary information. All financial figures were collected in Russian rubles format.

Dividend payout ratio.

We consider this ratio as the most representative metric of dividend policy because it neglects sizes of the companies, their revenues, profits and then the relative size of dividends. This ratio takes into account only the percentage of the dividends payed out of the Net Income.

Some authors also take into account Dividend Yield, we decided, that this metric is influenced by the great number of external factors such as news, political climate and other events, which can influence market share price and therefore the Dividend Yield ratio.

All components of the dividend payout ratio of all researched companies was collected from Datastream Thompson Reuters, trough collection of Dividend payments and dividing them on the Net Income we received DPR figures.

Offshore shareholders.

Offshore ownership became very popular in Russia since the begging of 2000^{th} due to offshore ownership financial advantages. So, in case of Russia such choice is obvious and, what is more important, it is not studied very well.

Data about the offshore shareholders in the ownership structure of Russian companies was collected through Amadeus Bureau van Dijk. All ownership figures are shown at the end of the analysed year.

Foreign shareholders.

We are sure that foreign investors are more interested in dividend profits rather than shares yield, due to different taxation policies. “The Russian profit tax rate on dividends is 15% for non-resident legal entities and individuals, whereas the capital gains income tax rate is 20% for non-resident legal entities and 30 per cent for non-resident individuals” [Ambardnishvili T.G., Berezinets I.V., Ilina Y.B., Smirnov M.V., 2017]. Also, we consider, that because of extremely high Russian market volatility foreign investors are not interested in long term investitions, and the fastest and most secures way to earn profit at the Russian stock market is the profit through dividends.

Data about the foreign shareholders in the ownership structure of Russian companies was collected through Amadeus Bureau van Dijk. All ownership figures are shown at the end of the analysed year.

Government ownership.

In case of Russia this is one of the most important figures – level of government ownership. Because of the historical events high state ownership of the companies is usual and even traditional Russian feature. The long time ago Russian government has stopped the privatization program. In times of privatization government sold quite big stocks of shares, but even at these times government almost always hold the golden share.

Moreover, Russian government quite often intervenes into state owned companies businesses, due to political reasons. Even companies with low level of government ownership feels state pressure and influence.

Data about the level of government ownership of Russian companies was collected through Amadeus Bureau van Dijk. All ownership figures are shown at the end of the analysed year.

Strategic ownership.

The most controversial variable of this research represents the stock of shares of the biggest owner. Definitely, the biggest owner is the most influential actor of the company and the aim of this research is to understand this influence and the level of this influence.

Data about the strategic shareholders in the ownership structure of Russian companies was collected through Amadeus Bureau van Dijk. All ownership figures are shown at the end of the analysed year.

Minority ownership.

This variable represents the group of all owners, whose stock of shares are less then 3%. Usually on total minorities big stocks of shares, but due to their dissociation they are

traditionally weak in lobbying their interests trough such instruments as board of directors, for example. Those we expect to see absence of the relation between minorities and DPR.

Data about the strategic shareholders in the ownership structure of Russian companies was collected through Amadeus Bureau van Dijk. All ownership figures are shown at the end of the analysed year.

Financial metrics performance.

These variables serve as constant variables to enhance our econometric model. Also, from the first glance it could be concluded that such metrics as ROA, Revenue and leverage will obviously have the positive effect on the DPR, but we previously mentioned several articles, which found the negative and zero relations between those variables. But those researches were conducted on the basis of non-Russian data, so, in case of Russia situation are not so precise.

All financial data of all researched companies was collected through Datastream Thompson Reuters.

Despite the mentioned econometrical models, we also will test 2 more models with all variables and with all variables except "Strategic", because we estimate, that it will show multicollinearity problems:

$$\mathbf{DPR_{it} = ß_0 + ß_1*gov_{it} + ß_2*foreign_{it} + ß_4*offshore_{it} + ß_5*minorities_{it} + ß_6*ROA_{it} + ß_7*Size_{it} + ß_8*Leverage_{it} + \varepsilon_{it}}, \quad (7)$$

and

$$\mathbf{DPR_{it} = ß_0 + ß_1*gov_{it} + ß_2*foreign_{it} + ß_3*strategic_{it} + ß_4*offshore_{it} + ß_5*minorities_{it} + ß_6*ROA_{it} + ß_7*Size_{it} + ß_8*Leverage_{it} + \varepsilon_{it}}, \text{ where} \quad (8)$$

Company "*i*" at time "*t*".

ß$_0$ – unknown scalar quantity;

ß$_1$*gov$_{it}$ – a variable characterizing the stake of shares owned by the state or state institutions;

ß$_2$*foreign$_{it}$ – a variable characterizing the stake of shares held by foreign shareholders (non-Russian and non-Offshore);

ß$_3$*strategic$_{it}$ – a variable characterizing the share of the largest shareholders;

ß$_4$*offshore$_{it}$ – is a variable characterizing the share of shares held by offshore companies;

ß$_5$*minorities$_{it}$ – is a variable characterizing the stock of shares held by minority owners;

ß$_6$*ROA$_{it}$ - is a variable characterizing profitability of the company;

ß$_7$*Size$_{it}$ - is a variable characterizing the size of the company;

ß$_8$*Leverage$_{it}$ - is a variable characterizing debt ratio of the company;

ε_{it}– error in the model under study.

2.3. Regression analysis results

This part of the research shows brief statistical analysis of the collected data, results of the econometrical regression models, explanation of results and recommendations together with managerial implications.

In this thesis we estimated three types of regression models: the pooled OLS model, the fixed effect and random effect regression models. Unfortunately, the pooled OLS model ignores the panel nature of the data, that is why we decided to conduct 2 more regression models. After that we conducted 3 tests (F-test, Breusch-Pagan and Hausman tests) to find the most statistically significant one.

For the multicollinearity test we used correlation matrix (Appendix 2). We have not found any features of multicollinearity.

Another statistical criterion used in Stata to check the statistical appropriateness of data and in particular normality of data distribution is the test for the distribution check using the Shapiro-Wilk criteria (Appendix 3. Shapiro-Wilk test). This test is preferable for use with small sample sizes, and with an increase in the number of observations, its reliability decreases. All "Prob>z" parameters are higher than 0.05, in other words variables are normally distributed

Next we checked our data for the heteroscedasticity using Breusch-Pagan-Godfrey test (Appendix 4. Breusch-Pagan-Godfrey and Durbin-Watson tests). Indicator "Prob > chi2 " is higher than "0.05", in other words this tells us about the confirmation of the H_0, and means that our sample is homoscedastic.

Final step was the examination of observations independence. In order to examine this effect, the Durbin-Watson statistic was used. It is considered, that the figures under 1 and above 3 indicate an observation dependence. In our case this statistic is 1.902564, which means the observations are uncorrelated and independent.

Table 2 Descriptive statistics of variables

Var	Mean	Std. Dev.	Min	Max
DPR	.2985046	.4634577	0	2.790631
Minorities	.2859113	.2109029	.0071658	.8075769
Gov	.5764226	.3908912	0	1
Foreign	.2598172	.2570494	0	1

Strategic	.5516769	.2130806	.1736257	1
Offshore	.1598099	.1835348	0	.9174675
ROA	.085252	.2161454	-.453578	1.580347
Size	22.05065	2.039246	14.01365	27.10378
Leverage	1.395671	3.228708	.0001763	7.847836

At the table 2 you can see main descriptive statistic of variables. According to the results obtained, the average sizes of the share of ordinary shares for each type of owner, whose influence on the dividend policy is considered in the study, are: minorities - 28.6%; government – 57.6%; foreign investors – 26%; offshore companies 16%.

Table 3 Dynamics of changes in ownership structure of Russian companies

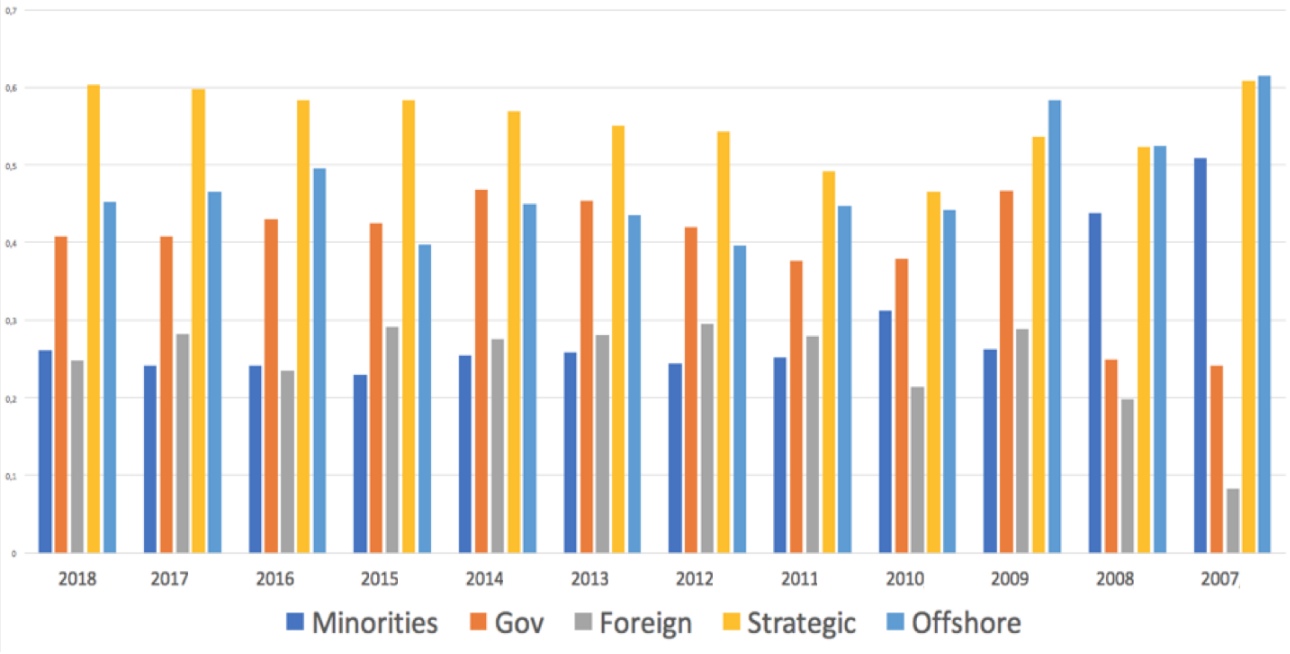

Table 3 shows the dynamics of stocks' share changes of Russian companies since 2007. We can see quite significant fluctuations of all shareholder types. Minority shareholders previously owned bigger shares share, but after the world crisis in 2008 their positions dramatically dropped and still have not recovered after this fall. May be this is the result of peoples' decline in household incomes, what lead to the decrease of their investitions activities, but this inference very questionable, because in Russia stock investment is not popular among the population, they prefer to put their money on bank deposits.

What is really surprising is the share of government in Russian companies. After the crisis it increased. We consider that it happened because government tried to help to the most vulnerable companies and they bought some shares of this companies to support them. But the share of government shares is relatively the same for the past 9 years. This mean that government are not willing to sell nor previously owned shares neither the new one bought during the crisis.

The most unexpected result is the share of foreign investors. In the 2008 during the apogee of the world crisis the average share increased and still stay high in comparison with the pre-crysis time.

Table 4 Results of the fixed effect regression model analyses

Var	DPR							
	1	2	3	4	5	6	7	8
Minorities	-	-0.098	-	-	-	-	-0.158*	-0.191*
Foreign	-	-	0.174	-	-	-	0.082	-0.067
Offshore	-	-	-	0.235*	-	-	0.202*	0.093*
Strategic	-	-	-	-	0.158**	-	0.185**	-
Gov	-	-	-	-	-	0.225**	0.345**	0.312**
ROA	-0.005*	-0.003*	-0.002	-0.006*	-0.005*	-0.003*	-0.004*	-0.005*
Size	0.004	0.007*	0.008	0.005*	0.003*	0.007**	0.009**	0.008**
Leverage	-0.040	-0.042	-0.044	-0.049	-0.041	-0.042	-0.04	-0.041
Cons	0.297	0.338	0.273	0.247	0.215	0.332	0.348	0.445
P-value	0.047	0.037	0.043	0.022	0.018	0.016	0.001	0.009
R^2	0.054	0.043	0.078	0.221	0.073	0.187	0.385	0.328

Note: the *, **, and *** symbols denote variables that are significant at 10%, 5%, and 1% levels, respectively.

In Table 4 we present the results of a regression analysis aimed at testing hypotheses about the influence of the type of shareholders on the dividend policy. This table presents estimates of the coefficients of models with different specifications of variables that characterize the share of presence of foreign, offshore, Russian government, minorities and strategic owners.

As noted in the description of variables, *Dividend payout ratio* were used as dependent variables. Variables *ROA*, *Size* and *Leverage* acted as control variables, which were used to enhance our models.

First of all, we should pay attention to the P-value of models, all are statistically significant. But several variables showed statistical insignificance. These are *Minorities* (model 2), *Foreign* (models 3, 7, 8), *Leverage* (all models), *ROA* (model 3) and *Size* (model 1 and 3). Below we tested our research hypotheses trough the results of fixed effect model taking into account significance of variables.

First model was calculated with financial performance indicators of the companies, which served as control variables. Moreover, all models include these indicators, it was done in order to enhance the econometric model and predictive figures. Also, to the financial performance indicators are related the sixth hypothesis, which states the assumption of the positive relation between financial performance indicators and *DPR*. Unfortunately, only one variable is significant into the first model. But for the purpose of hypothesis testing we can look at other models, where the control variables are significant (with exception for leverage), for example, *Size* and *ROA* are statistically significant at the 8^{th} model. We see, that coefficients of these variables are very close to zero, this means, that we should reject our hypothesis.

Second model which checks causal relation of *Minorities* with the *DPR* showed statistical insignificance. But this variable is significant at the two last models, where the coefficients of *Minorities* are negative. This mean that the first hypothesis can be confirmed. We assume that *Dividend Payout Ratio* does not have causal relations with the share of minority shareholders due to very weak and fragile position of minorities shareholders in the Russian corporate system. Moreover, it is obvious that if even minorities own a big amount of shares it is very difficult for them to cooperate with each other to influence company strategy or to elect representatives into the board of directors. So, we consider that even enhancement of the legislation system related to minorities rights will not affect significantly causal relation of minorities and *Dividend Payout Ratio*. Also, we should pay attention to the R^2 indicator, which shows how much the conditional variance of the model differs from the variance of the real values of *DPR*. As we can see, R^2 indicator quite low almost for every model, but previous research in this field show that this is usual effect for such types of research, for instance in research of 2011 Alekseeva L.V., Berezinets I.V. and Ilina Y.B. [Alekseeva L.V., Berezinets I.V., Ilina Y.B., 2011] received very low R^2 indicators, on average less than "0.0002". So, on the basis of previous works we consider, that all R^2 indicators that we received are significant enough for this type of research.

Third model, which represents the causal relation of foreign investors ownership and *DPR*, showed statistical insignificance. Unfortunately, at the other models where *Foreign*

variable was used the same level of statistical insignificancies. This mean that we can not test our second hypothesis.

Next model contains variable *Offshore* that showed moderate causal relation with the *Dividend Payout Ratio* and statistical significance. We decided that this result confirm Hypothesis about the offshore investors positive causal relation on the Dividend Payout Ratio. We explain this result by the tax savings. It is considered that majority of the offshore owners are Russian residents, who aim at tax savings and anonymity of ownership. Obviously, if owner has tax savings, it would be less risky and expensive, and in the same time more profitable to receive gains through the dividends, not through the grows of the share price and its further sale.

The most unexpected results were shown by fourth model with the *Strategic* variable, which shows causal relationship of the biggest shareholder on the *Dividend Payout Ratio*. The figure shows positive causal relation, but among positive coefficients and significant variables *Strategic* has the lowest causal relation. At the 7^{th} model this relation is a little bit higher. Nevertheless, this confirms our fourth hypothesis. We consider, that this result shows, that the strategic owners are interested in the development and growth of their companies. They do not want to gain just short run profits, the interested in long term growth, in other words, they are keen to reinvest Net Income into the company's development rather than just receive dividends.

On the other hand, Russian researchers [Alekseeva, Berezinets, Ilyina, 2011], suggested that the presence of large shareholders adversely affects the payment of dividends, this result is almost the same as ours.

But according to the proposed explanation model should have shown the negative relation of *Strategic* variable and *Dividend Payout Ratio*. But the previous model analysis can explain this inconsistency. A great number of strategic shareholders in Russia is state. And was previously shown they want to see very high *Dividend Payout Ratio*. We assume that the *Strategic* variable has two extreme types: state and private strategic shareholders. As a result of the counteraction of these parameters, we have as a result something highly astringent – moderate positive causal effect.

Sixth model is related to the *Gov* variable, which represents the causal relation between the government ownership and *Dividend Payout Ratio*. This variable is statistically significant. As we can see this relation is positive and relatively strong. This mean that our fifth hypothesis is confirmed too. This is not surprising due to recruitments (in the form recommendations) of government to pay not less than 50% of Net Income in the form of dividends. Nevertheless, despite these recruitments a lot of state owned companies still do not pay the required number of dividends. For instance, CEO of "Gazprom" announced that company will not pay high

dividends because of the desire of reinvesting of profits in new oil refinery (should become one of the biggest in Europe).[1]

"Gazprom" not the exception. Russian Ministry of Finance announced that they expect inconsistency of 200 billion rubles because of the non-fulfilment of government recommendations regarding the dividend policy of state owned companies.[2] This forecast of Russian officials shows that a lot of state owned companies are not planning to pay state required dividends.

Next model tests all variables. This model showed best results because it has the highest R^2 among all models in same time it has the lowest P-value. Only two variables were insignificant: *Foreign* and *Leverage*. Other variables showed approximately the same coefficients as at the other models.

The last model that tests all variables with the exception for *Strategic* variable, due to possible multicollinearity with the *Gov*, *Foreign* and *Offshore* variables. We verified the lack of multicollinearity in our sample, nevertheless we decided to build the model without this variable. Result of this model looks very similar to the previous model, but all main figures are worse (P-value is higher and R^2 is lower). We can conclude, that seventh model have the highest predictive abilities.

2.4. Recommendations and managerial implication

As we stated at the begging of this work, we consider that our findings would be very useful in the field of stocks investitions. But implications of this research are not limited only by this direction. We consider that results of this thesis will find practical application at:

- Stock investitions;
- Resolving agency problems;
- Better process of strategy alignment of shareholders.

First of all, important to mention, that we took into account middle and long terms investors. We are not considering a day trading or speculative trading as the process of investitions, we understand short term investitions as investitions in the time range from 3 to 12 months. This investitions are aimed at the gaining the dividend profit or the spread profit between the call and put prices. The long term investors interested in the long possession of the share and maintaining profit through the dividends. Those, in the situation when investor has several similar companies for the investition analyses, observing the ownership structure and

[1] Vedomosti. The Ministry of Finance argued with Gazprom on dividends URL: https://www.vedomosti.ru/business/articles/2018/03/30/755357-minfin-gazpromom-dividendah

[2] Vedomosti. Siluanov warned Medvedev about budget risks for 200 billion rubles. URL: https://www.vedomosti.ru/economics/articles/2018/04/23/767449-siluanov-predupredil-medvedeva

shareholder types will provide important information about the expected future dividend payments.

Also, results of this work can be obtained to decrease the miscommunications between board of directors and company owners. Sometimes board of directors cannot draw up a clear plan. As a conscious, owners are not satisfied with the dividend policy and this create distrustful environment. But if board of directors will monitor the ownership structure and shareholder types they could estimate more accurately the incentives and desired dividend payout ratio of the shareholders.

Obviously every shareholder have influence on the board of directors through the process of election, but their main rivals, which can destroy plans, are other shareholders. It could be extremely difficult to estimate incentives of other owners. This misunderstanding can lead to the conflicts among owners or to the weak strategies that is based on wrong figures. This can be resolved, through strategy alignment considering the interest of other shareholders. This will extremely increase the quality of management control and achievements of personal goals.

Conclusion

We conducted this master thesis in order to check 6 hypotheses related to the identification of relation between ownership structure and Dividend Payout Ratio. For this purpose, we stated 6 hypothesis which was tested using fixed effect regression models. Out of 6 hypotheses 4 were confirmed and 1 was rejected and 1 was not possible to test.

Results of the work are consistent with the results of the works of other authors. As was expected government ownership has the most significant influence on Dividend Payout Ratio due to recommendations of the Finance Ministry. But this explanation is questionable because companies still does not pay the required percentage of Net Income. Most likely, state owned company's DPR rate is higher than the market's one because state companies are mature, enormously big companies, with developed infrastructure, who are in majority of cases are monopolists on the market. Also, this companies operates in mining or energetic industries, which are highly profitable. In other words, this companies are profitable and have no competitors, this mean that companies hold big profits and obviously they pay high dividends.

Also, as was expected, we found out the negative causal relation between *Minorities* and *DPR*. This result can be explained by the outcome model of Rafael La Porta, which states that in the countries where the legislative protection of small shareholders is at a low level, "dividends are a substitute for effective legal protection, which enables firms in unprotective legal environments to establish reputations for good treatment of investors through dividend policies" [La Porta, R., F. Lopez-de-Silanes, A. Shleifer, R. Vishny, 2000]. In other words, companies can pay dividends only not because of the influence from minorities, but only because they want to send signal to the market for establishing reputation.

Moreover, this theory can explain another result related to the *Strategic* variable. Outcome theory of La Porta states that high concentration of ownership may be more preferable in terms of reducing agency costs and those leading to the higher DPR. As we can see, strategic ownership has positive result on *DPR*.

Thus, this thesis illustrates the influence of the ownership structure on the dividend policy of companies in Russia. We are sure that this work will be helpful for the short term investors or investors aimed their strategies on the dividends. We understand, that there are a lot of factors affect dividend payments, such as industry, competition, geopolitical situation and etc. And it is quite difficult to measure and value all of them at once. But, nevertheless, even the

In 2016 Dewasiri and Weerakoon in their research they studied more than 400 research articles on dividends, and they concluded, that dividend policy remains a «research phenomenon that is still not resolved. It is due to the lack of consensus among scholars who fail to agree on the explanations of the dividend puzzle» [Dewasiri and Weerakoon, 2016]. So, the question why

companies pay dividends is still one of the unresolved issues with a high potential for further research.

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Appendix 1. Russian companies included in the sample

№1	Name
1.	PJSK "Chelyabenergosbyt"
2.	PJSK "TZA"
3.	PJSK "UAZ"
4.	PJSK "Uralkuz"
5.	PJSK "Verofarm"
6.	PJSK "Voltayr-Prom"
7.	PJSK "Yakutskenergo"
8.	PJSK "Yaroslavskiy shinnyy zavod"
9.	PJSK "Yuzhnyy Kuzbass"
10.	PJSK Aeroflot
11.	PJSK AFK Sistema
12.	PJSK Aleksandrovskiy Mashinostroitel'nyy Zavod
13.	PJSK Alfa-Bank
14.	PJSK Alrosa
15.	PJSK Belon
16.	PJSK Blekbern
17.	PJSK DIXY
18.	PJSK E.ON Rossiya
19.	PJSK Energeticheskiye sistemy Vostoka
20.	PJSK Energo
21.	PJSK EuroChem
22.	PJSK Evraz
23.	PJSK Farmstandart
24.	PJSK Gavrilov-Yamskiy Mashinostroitel'nyy Zavod Agat
25.	PJSK GAZ Group
26.	PJSK Gazprom
27.	PJSK Globalstroy-Inzhiniring
28.	PJSK Inter RAO
29.	PJSK Irkutskenergo

30.	PJSK Katren
31.	PJSK Kombinat Yuzhuralnikel'
32.	PJSK Konditerskaya Fabrika G.Armavir
33.	PJSK Kvadra
34.	PJSK Lato
35.	PJSK Lenta
36.	PJSK Lukoil
37.	PJSK Magnit
38.	PJSK Magnitogorsk Iron and Steel Works
39.	PJSK Mayak
40.	PJSK Mechel
41.	PJSK MegaFon
42.	PJSK Merit
43.	PJSK MGTS
44.	PJSK Mobile TeleSystems
45.	PJSK Mostotrest
46.	PJSK NLMK
47.	PJSK Norilsk Nickel
48.	PJSK Novatek
49.	PJSK Novaya ERA
50.	PJSK Omskshina
51.	PJSK Opin
52.	PJSK Organicheskiy Sintez
53.	PJSK Protek
54.	PJSK RBK
55.	PJSK Rollman
56.	PJSK Rostelecom
57.	PJSK Rusal
58.	PJSK RusHydro
59.	PJSK Russkaya akvakul'tura
60.	PJSK Sakhalin Energy
61.	PJSK Saratovenergo
62.	PJSK Sberbank of Russia
63.	PJSK Severstal

64.	PJSK Sibur
65.	PJSK Slavneft
66.	PJSK Sollers
67.	PJSK Stavropol'energosbyt
68.	PJSK Stroygazmontazh
69.	PJSK SUEK
70.	PJSK Surgutneftegas
71.	PJSK T Plus
72.	PJSK Taganrogskiy kombaynovyy zavod
73.	PJSK TMK
74.	PJSK Transkonteyner
75.	PJSK Transneft
76.	PJSK Trust Sevenerstroy
77.	PJSK Ural Mining and Metallurgical Company
78.	PJSK Uralkaliy
79.	PJSK Var'yegan neftegaz
80.	PJSK VimpelCom
81.	PJSK VKHZ
82.	PJSK Volgogradskiy Zavod Traktornykh Detaley I Normaley
83.	PJSK Volzhskaya TGK
84.	PJSK Vostokneftezavodmontazh
85.	PJSK VTB
86.	PJSK Vyborgskiy sudostroitel'nyy zavod
87.	PJSK X5 Retail Group
88.	PJSK YATEK
89.	PJSK Yuga
90.	PJSK Zil
91.	PJSK ZMZ

Appendix 2. Correlation matrix

	Minorities	Gov	Foreign	Strategic	Offshore	DPR	ROA	Size	Leverage
Minorities	1.000								
Gov	-0.367	1.000							
Foreign	-0.45	-0.218	1.000						
Strategic	-0.395	0.241	0.193	1.000					
Offshore	-0.564	-0.306	-0.007	0.121	1.000				
DPR	-0.068	-0.126	0.077	0.081	0.144	1.000			
ROA	0.101	-0.071	-0.019	0.023	-0.046	0.023	1.000		
Size	0.274	0.219	0.096	-0.121	0.102	0.032	0.238	1.000	
Leverage	0.301	-0.062	-0.071	-0.049	0.217	-0.329	-0.144	0.174	1.000

Appendix 3. Shapiro-Wilk test

Var	Obs	W	Prob>z
DPR	704	0.87645	0.32493
Offshore	703	0.91749	0.25425
Strategic	704	0.96810	0.52183
Foreign	704	0.82350	0.32892
Gov	704	0.87939	0.63627
Minorities	704	0.91248	0.16391
ROA	703	0.78346	0.57254
Size	704	0.83924	0.43152
Leverage	698	0.79237	0.21458

Appendix 4. Breusch-Pagan-Godfrey and Durbin-Watson tests

chi2(8) = 53.21

Prob > chi2 = 0.0751

Durbin-Watson d-statistic (9, 698) = 1.902564

Appendix 5. F-test, Breusch-Pagan test and Hausman-test

F-test			
H0 / H1	Pooled OLS / Fixed effect		Best model
	Test result		
Model 1	F = 6.49, df1 = 90, df2 = 698, p-value = 0.1140	The null hypothesis is rejected	Fixed effect
Model 2	F = 7.13, df1 = 90, df2 = 698, p-value = 0.1212	The null hypothesis is rejected	Fixed effect
Model 3	F = 7.47, df1 = 90, df2 = 698, p-value = 0.1002	The null hypothesis is rejected	Fixed effect
Model 4	F = 7.29, df1 = 90, df2 = 698, p-value = 0.1120	The null hypothesis is rejected	Fixed effect
Model 5	F = 7.79, df1 = 90, df2 = 698, p-value = 0.1565	The null hypothesis is rejected	Fixed effect
Model 6	F = 7.36, df1 = 90, df2 = 698, p-value = 0.1249	The null hypothesis is rejected	Fixed effect
Model 7	F = 7.79, df1 = 90, df2 = 698, p-value = 0.1589	The null hypothesis is rejected	Fixed effect
Model 8	F = 7.65, df1 = 90, df2 = 698, p-value = 0.1174	The null hypothesis is rejected	Fixed effect
Breusch-Pagan test			
H0 / H1	Pooled OLS / Random effect		Best model
	Test result		
Model 1	chisq = 6.8834, df = 1, p-value = 0.0087	The null hypothesis is rejected	Random effect
Model 2	chisq = 6.4333, df = 1, p-value = 0.0112	The null hypothesis is rejected	Random effect
Model 3	chisq = 7.43408, df = 1, p-value =	The null hypothesis is	Random

	0.0064	rejected	effect
Model 4	chisq = 4.07975, df = 1, p-value = 0.0434	The null hypothesis is rejected	Random effect
Model 5	chisq = 4.64743, df = 1, p-value = 0.0311	The null hypothesis is rejected	Random effect
Model 6	chisq = 4.09934, df = 1, p-value = 0.0429	The null hypothesis is rejected	Random effect
Model 7	chisq = 4.76169, df = 1, p-value = 0.0291	The null hypothesis is rejected	Random effect
Model 8	chisq = 4.45988, df = 1, p-value = 0.0347	The null hypothesis is rejected	Random effect
Hausman-test			
H0 / H1	Random effect / Fixed effect		Best model
	Test result		
Model 1	chisq = 8.09947, df = 3, p-value < 0.044	The null hypothesis is rejected	Fixed Effect
Model 2	chisq =10. 14845, df = 4, p-value < 0.038	The null hypothesis is rejected	Fixed Effect
Model 3	chisq = 10.08623, df = 4, p-value < 0.039	The null hypothesis is rejected	Fixed Effect
Model 4	chisq = 10.55855, df = 4, p-value < 0.032	The null hypothesis is rejected	Fixed Effect
Model 5	chisq = 11.14329, df = 4, p-value < 0.025	The null hypothesis is rejected	Fixed Effect
Model 6	chisq = 11.55345, df = 4, p-value < 0.021	The null hypothesis is rejected	Fixed Effect
Model 7	chisq = 19.16533, df = 8, p-value < 0.014	The null hypothesis is rejected	Fixed Effect

Model 8	chisq = 16.76157, df = 7, p-value < 0.019	The null hypothesis is rejected	Fixed Effect